

1. Agenda Approval

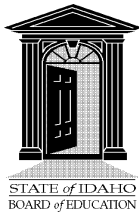
Does the Board have any changes or additions to the agenda?

2. Minutes Approval

BOARD ACTION

To approve the minutes from December 1-2, 2004 and December 22, 2004 as submitted.

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STATE BOARD OF EDUCATION

TRUSTEES OF BOISE STATE UNIVERSITY
TRUSTEES OF IDAHO STATE UNIVERSITY
TRUSTEES OF LEWIS-CLARK STATE COLLEGE
BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO

STATE BOARD FOR PROFESSIONAL-TECHNICAL EDUCATION
TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND

DRAFT MINUTES
STATE BOARD OF EDUCATION MEETING
December 1-2, 2004
Idaho State University, Pond Student Union Building
Pocatello, Idaho

A regular meeting of the Idaho State Board of Education was held on December 1-2, 2004 in Pocatello, Idaho. Board President Rod Lewis presided. The following members were present:

Rod Lewis, President
Milford Terrell, Secretary
Blake Hall
Susan Thilo

Laird Stone, Vice President
Paul Agidius
Marilyn Howard, State Superintendent

The meeting was called to order at 6:00 p.m. in the Clearwater Room on December 1, 2004, by Board President Lewis and the Board immediately entered into executive session.

EXECUTIVE SESSION

M/S (Hall/Agidius): To enter into executive session on December 1, 2004, pursuant to Idaho Code Section 67-2345 (1), (a), (b), (c), (d), (e), (f), and (g). A roll call vote was taken. Motion carried unanimously.

In executive session, the Board considered hiring a public officer, employee, staff member or individual agent; considered the evaluation, dismissal or disciplining of, or complaints or charges brought against a public officer, employee, staff member or individual agent, or public school student; conducted deliberations concerning labor negotiations or to acquire an interest in real property which is not owned by a public agency; considered records that are exempt from public inspection; considered

preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations; considered and advised its legal representatives in pending litigation or where there is a general public awareness of probable litigation; and by the commission of pardons and parole, as provided by law.

M/S (Howard/Thilo): To move out of executive session at 9:00 p.m. and adjourn for the evening. *Motion carried unanimously.*

The regular meeting of the Board was called to order at 8:30 a.m. on December 2, 2004, in the Salmon River Suite, by Board President Lewis.

BOARDWORK

1. Agenda Approval

By unanimous consent, it was agreed to defer the Human Resources portion of the consent agenda (items 4-7) to a later time.

2. Rolling Calendar

M/S (Hall/Thilo): To approve December 1-2, 2005 as the dates and Idaho State University as the location for the December 2005 regularly scheduled Board meeting; to approve January 24-25, 2005 as the dates and the Gold Room of the State Capitol Building and Boise State University as the locations for the January 2005 regularly scheduled Board meeting. *Motion carried unanimously.*

3. Minutes Review/Approval

M/S (Agidius/Terrell): To approve the minutes from October 13-14, 2004; November 4, 2004; November 12, 2004; and November 16, 2004 as submitted. *Motion carried unanimously.*

OPEN FORUM

Lennia Machen spoke about the University of Idaho decision to close the Adult Education doctorate program offered at UI Idaho Falls. She expressed concerns about the quality of the program related to loss of faculty and the lack of time for students to meet with faculty. She questioned whether the program meets accreditation standards. The Board accepted a document from Ms. Machen for review and requested that UI report on the situation at next meeting. The doctoral students will be invited to make comments at that meeting.

CONSENT AGENDA

It was recommended to approve the Board's consent agenda items.

M/S (Lewis/Terrell): Approve the Board's consent agenda items, number 1-3, 8-10. Motion carried unanimously.

1. HERC Appointments

By consent, the Board reappointed Dr. Dennis Stevens and Mr. John Huffman to the Higher Education Research Council respectively for three-year terms, December 2004-December 2007.

2. Second Reading – Repeal of Board Policy I.L.2 – Appeals for Charter School Establishment

By consent, the Board approved the second reading of the amendment to Board Policy I.L.2 – Appeals for Charter Schools Establishment.

3. Legislation Update

a. Military Dependent Scholarship

By consent, the Board approved support of the amendments to Section 33-4302, Idaho Code.

b. Consistency in Employment Contracts

By consent, the Board supported approving the amendments to Sections 33-2211, 33-3006 and 33-3405, Idaho Code.

c. Student Education Incentive Loan Forgiveness Contracts

By consent, the Board approved support of the amendments to Section 33-3722, Idaho Code.

d. Idaho School for the Deaf and Blind (ISDB) Agency-Wide, Single Unified Payroll Structure for all employees (Classified and Non-Classified)

By consent, the Board, recognizing the unique skills based requirements and need for stability of the year-round operations of ISDB's agency and school functions, supported changes to statute 33-3405, to allow for a single, unified payroll system for all classified and non-classified employees of this agency.

(Items 4-7 were deferred to a later time in the agenda).

8. Boise State University – Update on Health Wellness Center

Information item.

9. Professional Technical Audit Report

Information item.

10. Idaho Promise Scholarship – Increase Category B Award

By consent, the Board approved the amount of the Idaho Promise Scholarship, Category B, at an amount of \$315 per student (\$565/annually) for spring semester, 2005, for current recipients who maintain eligibility and for qualified first-year entering students under the age of 22 in the Spring of 2005.

REGULAR AGENDA**PLANNING, POLICY & GOVERNMENTAL AFFAIRS****1. President's Council Report**

Dr. Robert Kustra reported to the Board on behalf of the Presidents' Council. He discussed concerns about the national trend of declining support for public higher education. The Presidents' Council plans to invite legislators and Board members to meet with them to look at public higher education issues, including the decline in the percentage of the state budget that goes to higher education.

Dr. Tim White, University of Idaho, commended Brian Pitcher who is leaving to take a position out of state. Dr. Kustra expressed his appreciation as well.

Dr. Richard Bowen, Idaho State University, commended Dr. Jonathan Lawson who is stepping down from the position of Vice President of Academic Affairs. In addition, Dr. Dene Thomas expressed her appreciation.

Board member Hall asked the record to reflect the Board's gratitude for the service Dr. Lawson and Dr. Pitcher provided to their respective institutions as well as to the State Board of Education. He thanked them for their willingness to work with the Board on educational matters, and for their dedication to the people of Idaho. Board President Lewis thanked both gentlemen, and expressed particular appreciation to Dr. Pitcher for his help as Interim President of UI during a time when that institution was having great difficulties.

M/S (Hall/Lewis): To have this reflected in the minutes. *Motion carried*

unanimously.

2. Idaho State University Progress Report

Dr. Beth Hudnall Stamm of the Institute of Rural Health highlighted a number of the projects it has undertaken. She mentioned concerns related to insufficient core staff funding as well as the outside perception that Idaho State University's infrastructure can't support the amount of research going on. Handouts were distributed to Board members.

Ms. Libby Howe, Director of University Relations, shared with the Board about events on campus. She showed a video that was presented earlier to the ISU Foundation members.

Dr. Bowen shared highlights demonstrating the progress ISU is making in fulfilling the goals, vision and mission laid out in its strategic plan.

BUSINESS AFFAIRS & HUMAN RESOURCES

Section II – Finance

1. Boise State University – Student Services Center

Stacy Pearson, Vice President of Finance and Administration, presented information about the BSU Student Services Center. She explained that the request to increase the project scope from \$5,000,000 to \$8,500,000 was the result of an increase in the cost of construction materials and the addition of additional square footage. The increase will be funded by revenue bonds issued as part of the next University issuance in 2005 (concurrent with the Student Health Wellness and Counseling Center).

M/S (Agidius/Lewis): To approve the request by Boise State University to increase the total Student Services Center project cost for planning, design, and construction by \$3.5 million. The total cost of the project is not to exceed \$8,500,000. Motion carried 5-0 with two abstentions (Terrell and Thilo abstained).

2. Boise State University – Long Term Facilities Funding Plan

Kevin Satterlee, Assistant Vice President of Planning, reported on the New Facilities Master Plan for BSU. He indicated that future building plans will be driven by priority rather than funding source. Board approval will be requested for every building that is planned, using the master plan BSU has created.

The Board thanked Mr. Satterlee and asked that BSU keep the Board updated on future

long-term and program plans. There was discussion about the use of student fees and the need for transparency in what they are used for. Mr. Satterlee reiterated that BSU does not intend to shift the burden away from the State of Idaho, but it must have an alternative approach if the State is unable to shoulder that burden.

David Norse, BSU Student Body President, indicated that the student body fully supports the plan and appreciates the University's desire to ensure that quality programs will be available to the students. Dr. Kustra addressed Board member Hall's concern noting that the Facilities Financing Plan is a way to find public support for higher education. He welcomed a statement from the Board that would provide boundaries as to the use of the funds in the facility financing plan.

Board member Hall requested that Board staff acquire for the Board a breakdown per institution as to what students are currently paying for buildings on a cumulative basis.

Jay Kenton, UI Financial Vice President, applauded BSU for their forward-thinking and commended them for creating a system for private donors to match funds. Ken Prolo, ISU Financial Vice President, and Ron Smith, LCSC Financial Vice President, echoed the comments noting the proposal has a large amount of potential.

Board President Lewis thanked BSU for sharing their planning efforts.

3. Idaho State University – Land Exchange, Varsity Square

Ken Prolo, ISU, discussed the land exchange and referred to exhibit E on page 17 of the agenda. He noted the Varsity land is not paved, but Varsity would pave it. He emphasized the land swap is in the best interests of ISU and does not affect ISU's access to the parking lot.

In response to an inquiry, Brad Hall, attorney for ISU, said the Board policy does not specifically require an appraisal in the case of a land exchange. A request was made to have a plot plan made available and follow up by legal counsel as to whether or not Idaho Code requires an appraisal.

M/S (Terrell/Thilo): To approve a request by Idaho State University to exchange real property with Varsity Square, LLC, as follows:

Currently owned by Varsity Square, LLC: all of Lot 1 and the North ½ of Lot 2, Block 437, Pocatello Townsite, Bannock County, Idaho.

Currently owned by Idaho State University: all of Lot 4 and the North ½ of Lot 5, Block 437, Pocatello Townsite, Bannock County, Idaho.

Both are according to the Official Plat of Survey of said lands returned to the

General Land Office by the Surveyor General. Subject to all existing patent reservations, easements, rights of way, protective covenants, zoning ordinances and applicable building codes, laws and regulations.

It is further moved that the Board authorize Richard L. Bowen, President of Idaho State University, to execute all documents related to said exchange of real property on behalf of the Board. *Motion tabled.*

By unanimous consent, the Board agreed to table this motion and item until the next meeting.

4. University of Idaho – Building Purchase

Jay Kenton discussed the purchase of a house currently owned by Tau Kappa Iota Corporation for the amount of \$400,102. Mr. Kenton indicated the UI request comes about as a result of an agreement entered into by the State Board of Education in 1962. Acquisition of the property will be provided through one-time, non-appropriated UI funds.

Board member Hall expressed concerns about UI's financial difficulties as well as the justifiability of purchasing this property when it is unlikely there will be a good return on the purchase. The property appears to be in poor condition and several members of the Board expressed concern about the value. UI was asked to continue negotiations with the fraternity. Mr. Kenton warned that if the Board fails to approve this request it is likely UI will be sued.

M/S (Agidius/Thilo): To approve University of Idaho request to purchase the house owned by Tau Kappa Iota fraternity for a purchase price of \$400,102. *A roll call vote was taken. Motion failed 3-4 (Hall, Howard, Stone, and Terrell dissenting).*

5. University of Idaho – Student Fee Increase

Jay Kenton introduced the topic of increasing student fees by more than 10%. He indicated students at the institution have been involved in the student fee discussions. Issac Myram, UI Student Body President, briefly spoke to the impact on students of the overall financial situation at UI last year. He noted that there is an interest on the part of students to work together on a package that will meet the needs of the institution and the students as well.

Board President Lewis expressed discomfort in dealing with this subject at this time due to a lack of information and the timing of the request. He indicated the Board will look at the institution's needs when the time is right and when there is more thorough information available.

Dr. Howard indicated she could support the request to encourage better dialogue and send the message to the Legislature that the Board is willing to do what is necessary to support higher education in this state. Board member Hall said that approving the request would give the Legislature the impression that it wouldn't have to support higher education.

Mr. Kenton said UI appreciates the desire of the Board to defer this item, but noted that the way the institution interacts with the students from this point on will be impacted.

M (Hall): To not approve the request by University of Idaho to bring to the April board meeting student fee increases in excess of 10%. Motion failed for lack of a second.

Substitute M/S (Hall/Lewis): To table this matter. Motion carried unanimously.

6. University of Idaho – Employee Health Insurance

Jay Kenton discussed UI's intent to convert from a fully insured medical coverage program to a self-funded medical coverage program effect fiscal year 2006. With a self-funded program, UI expects to reduce medical costs by 3-5% annually and increase flexibility in the design and administration of the medical plan.

It was indicated that this change would not impact retirees. On another note, Mr. Kenton briefly mentioned that an analysis of retirement benefits has been conducted.

7. University of Idaho – Water Center

Board member Hall withdrew from discussion and voting on this matter due to a conflict of interest.

Jay Kenton reported UI is requesting approval to execute the necessary contracts and agreements to complete tenant improvements at the Idaho Water center to allow UI to vacate the MK Plaza space and to meet obligations to sublease to CH2M Hill. He reported that negotiations are ongoing and dynamic.

Mr. Kenton indicated the proposed tenant improvements to accommodate the CH2M Hill sublease and to complete remaining spaces in the IWC for other tenants is estimated at three million dollars. He also noted that Colliers International has been engaged to represent the UI in the transaction.

Mr. Kenton said CH2M Hill would like to move in July 1, 2005; design, permitting and building need to take place before then.

Board member Terrell raised concerns about the debt and sought clarification from UI

on what it actually entailed. Board President Lewis raised concerns about the CH2M Hill sublease in terms of the length of the lease versus the cost of tenant improvements.

a. Water Center Tenant Improvements

M/S (Agidius/Thilo): To approve completion of tenant improvements by the University of Idaho in the unfinished portions of the Idaho Water Center, at a cost not to exceed \$3,000,000. A substitute motion was made.

Board President Lewis indicated he could not support a motion that combined the improvements for both CH2M Hill and for the UI occupancy. Board member Terrell concurred.

Substitute M/S (Lewis/Agidius): To approve completion of tenant improvements by the University of Idaho to the unfinished portions of the Idaho Water Center relating to the space to be occupied by the University of Idaho at a cost not to exceed 1 million dollars. *Motion carried 6-0 (Hall formally withdrew from participation in this agenda item).*

M/S (Agidius/Stone): To approve the sublease of approximately 45,000 square feet of the Idaho Water Center to CH2M Hill for use as a private office space, in the form presented to the Board, and to delegate signature authority in regard to such sublease to the Vice-President for Finance and Administration at the University of Idaho. This approval is subject to and contingent on the approval of the sublease by the Commissioners of the Idaho State Building Authority. And, to approve the completion of tenant improvements in said space in an amount not to exceed 2 million dollars. *Motion carried 6-0 (Hall formally withdrew from participation in this agenda item).*

At this time, the report by Deloitte Touche (item 13) was moved up in the agenda.

13. FY04 Institution Audit Reports

Larry Bird, Glenn Storr and Lou Henry of Deloitte Touche were introduced. They updated the Board on the FY04 Institution audit. An Executive Summary was distributed to the Board.

Board President Lewis referred to page 35 of the UI audit, and asked for clarification on the process related to the UI Foundation's debt. Mr. Bird referred to an explanation on page 36 and also to page 32 in addressing the concerns. Board President Lewis asked UI to keep the Board updated on the status of the debt.

Board member Agidius thanked Deloitte Touche for their work and services over the last

eleven years.

M/S (Agidius/Lewis): To accept the Fiscal Year 2004 financial audit reports for the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College, as presented by Deloitte & Touche LLP. Motion carried unanimously.

8. University of Idaho – Bond Refinance

Jay Kenton discussed issuing of tax-exempt bonds to refund bonds and to initiate a single bond system. The UI estimates lower interest rates will result in total as well as present value debt service savings. UI would like to move forward on this as a January agenda item.

9. University of Idaho – Young Land Gift

Jay Kenton reported Merilee Young of Redmond, Oregon, proposed to donate 160 acres of undeveloped forestland in Kootenai County, Idaho, to the University of Idaho.

M/S (Hall/Howard): To approve the request by the University of Idaho to accept a donation of approximately 160 acres of undeveloped forest land in Kootenai County from Merilee Young. Motion carried 6-0 (Agidius absent).

At this time, items 16 and 17 were moved forward in the agenda.

16. Lewis-Clark State College – New Residence Hall

Ron Smith, LCSC, reported on plans to construct a new residence hall using a public/private partnership. He said specific numbers along with the deliverables will be presented at a future meeting.

Board member Hall raised concerns about the amount of money being given to the developer in terms of the lease and future ownership of the property. He suggested using the RFP process to select a developer.

In response to an inquiry, President Thomas of LCSC indicated that the institution had previously presented, on several different occasions, the critical need of the institution to have additional housing. Board member Hall asked for a formal presentation on need to be made in accordance with the governing rules and policies of the Board.

17. University of Idaho/University of Idaho Foundation Request

President White and Jay Kenton spoke about the request by the UI Foundation for an extension of the Promissory Note Extension Agreement. President White noted that UI

supports the request. He reviewed a handout that outlined the progress by the Foundation to reduce the debt to date.

Board President Lewis commended the Foundation for their significant achievement in reducing the debt to the level they have over the past year. He expressed support for the extension.

Board member Hall concurred on that point, but expressed concerns as to whether or not the debt could actually be collected. He asked for UI's evaluation of the debt. President White responded that UI believes the collection of the debt is possible. Mr. Kenton noted the Foundation does not have liquid assets to make the payment at this time.

M/S (Thilo/Lewis): To approve a one-year extension (to December 31, 2005) of the Promissory Note Extension Agreement entered into on October 14, 2003, with a principal amount of \$5,041,758.69, in substantially the same form as the draft extension provided for Board review. *Motion carried unanimously.*

10. Intercollegiate Athletics – Annual Financial Reports

Jeff Shinn, Chief Fiscal Officer for the Office of the State Board of Education, reported on financial items related to Intercollegiate Athletics. In response to an inquiry, the institutions briefly summarize how they were helping to bring revenues into their athletic departments and programs.

President White indicated that the task force analysis suggested that UI athletic program should stay the course of recovery and go into the WAC as planned. He said that UI will be prudent managers of the overall effort and if it appears it won't be successful then its course of action will be reconsidered.

M/S (Terrell/Stone): To accept the Annual Intercollegiate Athletics Reports as presented. *Motion carried 6-0 (Hall absent).*

11. Intercollegiate Athletics – Employee Compensation Reports

Information item.

12. Agency Dashboard Reports

The dashboard reports were referenced as an item of information.

- a. Office of the Idaho State Board of Education (OSBE)
- b. Idaho School for the Deaf and the Blind (ISDB)
- c. Professional Technical Education (PTE)
- d. Career Information System (CIS)

- e. Idaho Division of Vocational Rehabilitation (IDVR)
- f. Idaho Public Television (IPTV)
- g. Idaho State Historical Society (ISHS)
- h. Idaho State Library (ISL)

14. Audit Firm Services Selection

Board member Agidius reported that an Audit Committee of the Board developed the RFP, evaluated proposals and selected the auditor. The results of the evaluation were forwarded to the State Division of Purchasing, its statutory agent for review. At the conclusion of this public notice and notification by the State Board of Education, the State of Idaho/Division of Purchasing will release a Notice of Intent to Award a contract to Moss-Adams LLP of Eugene, Oregon. The Division of Purchasing will proceed with the required processes to issue a contract.

M/S (Agidius/Lewis): To ratify the Audit Committee's selection of Moss Adams LLP of Eugene, Oregon for the contractor for auditing services beginning with Fiscal Year 2005. *Motion carried unanimously.*

15. Idaho State Library – Occupancy Costs

Jeff Shinn reviewed this item noting it has been discussed with Legislative Services Office and Division of Financial Management.

M/S (Lewis/Thilo): To approve an FY2006 budget revision for new occupancy costs in the amount of \$61,000 for the Idaho State Library. *Motion carried 5-2 (Terrell and Agidius dissenting).*

INSTRUCTION, RESEARCH & STUDENT AFFAIRS

By unanimous consent, the Board agreed to take agenda items out of order.

2. LEP Program Report

Board member Hall reported that staff was hired by the Board Office to oversee the LEP program and provide technical assistance to districts in their compliance efforts with federal and state LEP regulations. He thanked the Department of Education and the Board of Education staff members for working together.

3. Update on the Digital Learning Academy

Donna Vakilli, Director of the Idaho Digital Academy, introduced Superintendents Nick Hallett and Bob Devine. She presented a detailed overview of the Idaho Digital Academy and provided a status report. She noted that students enroll for several

reasons, including scheduling conflicts, early graduation, and credit recovery. The curriculum meets Idaho's standards and the projected enrollment for 2005-2006 is 2,312 students.

4. Additional Yearly Growth (AYG) Awards Distribution

Marilyn Davis, Office of the State Board, reported on this item. A handout was provided that highlighted the award winners.

M/S (Stone/Lewis): To recognize the schools identified for the Distinguished Schools and Additional Yearly Growth (AYG) reward. *Motion carried unanimously.*

At this time, the Board took up the remaining Human Resources items previously deferred earlier in the meeting. The first four items under consideration in this section (number 4-7) were carried forward from the Consent Agenda. The remaining two items (number 1-2) appeared on the regular Human Resources agenda.

4. Boise State University – New Positions and Changes in Positions

M/S (Lewis/Hall): To approve the request by Boise State University for nine (9) new positions supported by appropriated, local and grant funds, and to increase FTE from .5 to 1.0 for one (1) position supported by local funds. *Motion carried unanimously.*

Provost Sona Karentz Andrews and Kevin Satterlee discussed BSU's intention to present Coach Dan Hawkins with an amended contract – Addendum No. 3 to Employment Agreement. Mr. Satterlee reviewed the terms of the contract and requested the Board's approval of the contract. He expressed BSU's understanding that the Board is approving the contract subject to Coach Hawkins signing the contract.

Board President Lewis expressed support for the motion.

M/S (Hall/Stone): To approve of BSU's intention to offer the amended Addendum No. 3 to Employment Contract to Coach Hawkins; and have it approved and effective upon his signature. *Motion carried unanimously.*

5. Idaho State University – New Positions

M/S (Agidius/Stone): To approve the request by Idaho State University for a new faculty position supported by grant funds; a new professional staff position and a new Head Coach, Women's Softball position, supported by state and local funds. *Motion carried unanimously*

6. University of Idaho – New Positions and Deleted Positions

M/S (Hall/Agidius): To approve the request by the University of Idaho to add two new positions (2.0FTE) supported by appropriated funds and delete forty-three (43) positions supported by appropriated and non-appropriated funds. Motion carried unanimously.

7. Lewis-Clark State College – Change in Positions and Deletion of Positions

M/S (Hall/Thilo): To approve the request by Lewis-Clark State College to decrease the FTE for one (1) exempt position supported by appropriated and grant funds, and to delete two (2) exempt positions. Motion carried unanimously.

The following two items were regular Human Resources agenda items.

1. Optional Retirement Program (ORP) – Supplemental Retirement Plan

Stacy Pearson discussed the supplemental retirement plan with the Board.

M/S (Lewis/Howard): To adopt a supplemental retirement plan to expand the capacity of the existing Optional Retirement Program and PERSI for employees whose income exceeds the amount allowable by Internal Revenue Code Section 401(a) (17). Motion carried 6-1 (Hall dissenting).

2. First Reading Governing Policies and Procedures – Section II.B.3 – Appoint Authority and Procedures

Jeff Shinn discussed this item with the Board.

M/S (Lewis/Thilo): To approve the first reading of amendments to Board Policy II.B.3., a process by which the institutions will request specific reauthorization from the Board to fill any position that has been vacant and requires a new “set-up” action. As part of this motion, institutions agree to not include any position in their operating budget if that position has been vacant for more than three (3) years. Motion carried unanimously.

At this time, the Board returned to IRSA Agenda

1. Alternate Measure for 10th Grade ISAT

Board member Stone introduced Superintendent Bob Devine of Sugar Salem. Mr. Devine introduced Chuck Zimmerly, Tonya Johnson, Donna Vakilli and Brett Guys.

Dr. Zimmerly discussed the proposed alternative graduation process and the steps that had been taken to develop the process. Superintendent Devine described the

mechanism, noting it maintains regional supervision while being an individualized electronic assessment portfolio. Districts from all over the state are working to comply with all the criteria established by the State Board of Education. This mechanism will encourage juniors to continue taking the ISAT until they achieve proficiency.

In response to questions from the Board, it was explained this approach is remedial as well as a format for a student to show proficiency. When a student has demonstrated proficiency by this method, the student may petition his own district for acceptance of the scores.

DEPARTMENT OF EDUCATION

1. Superintendent's Report

Dr. Howard reported to the Board on various activities underway in the Department and discussed a number of national trends and education initiatives and efforts that impact Idaho's students. She thanked Board member Terrell for attending the Milken Award Recognition Luncheon. She commended Idaho's teachers for their progress and the innovative methods that have been developed to target and deliver quality education experiences to the students. She thanked Dr. Brian Pitcher for his work with the Department of Education over the years.

2. Idaho Falls' Request for Waiver of Length of a Kindergarten Day

Board member Hall disclosed that the spouse of one of his law partners serves on the Idaho Falls School Board, but she has not made any comments to him on this matter.

M/S (Howard/ Terrell): To approve the request for a waiver of IDAPA 08.02.01.250.03a and 08.02.01.250.04. Motion carried unanimously.

3. Twin Falls/Filer Boundary Change

Dr. West indicated this petition was scheduled to be heard in August, but transcripts were not available. Petitioners agreed at that time to continue discussions, however, they have not been able to reach agreement. Dr. West said if the Board approves the petition, a motion will come back to the Board to set the boundaries. If the Board does not approve the petition, the matter ends.

Brian Jullion, representing the Twin Falls District was introduced along with John Miller and Superintendent Wylie Dobbs. Superintendent John Graham of the Filer District was introduced, along with petitioners Lon Thady and Lexi Williams.

Mr. Thady, representing the petitioners, explained that school buses routinely cross the district line into the Twin Falls District to pick up students who attend school in Filer.

The petitioners desire to move the boundary line to make it possible for families with children in Filer schools to participate in elections, bond issues, and other matters that impact their children's education. Currently, they are unable to do that because they reside in the Twin Falls District. The petitioners also fear that if the enrollment in the Filer schools increases, their children will no longer be able to attend Filer schools because they reside outside the Filer District.

It was noted that the area in question is mainly farm ground, though there is a growing urban influence. The district line in question is 1.5 miles from Filer High School and this petition only moves the line one-half mile. Mr. Thady emphasized that moving the line is in the best interest of the students.

Superintendent Graham indicated that this petition has been in process for about 1 ½ years. The hearing officer recommended that the petition be approved and an election for those in the area of impact be held.

Brian Jullion explained that if the status quo is allowed, students can continue to go to Filer schools if they choose. If the petition is approved, students who may not choose to go to Filer will be compelled to go to Filer. The Twin Falls District has offered to give Filer a seven year memorandum of agreement with a one-year rollover and to make that a firm commitment. He pointed out that the petition does not include a legal description of the property in question.

In reference to the formal agreement offered by the Twin Falls District, Mr. Thady said that such an agreement still does not allow residents outside the Filer District to vote on important matters in the Filer District that impact their children. He also expressed concern that when the current board of the Twin Falls District changes, there is no guarantee the next board will continue the agreement. It was noted that if the State Board approves the petition, it allows the residents in the area of impact to vote on the matter.

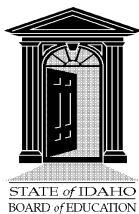
Superintendent Graham clarified that the legal description of the property was verbally defined and reiterated during the discussion before the hearing officer and that it does appear in that public record.

Board President Lewis encouraged Board members to vote on the motion before them according to the facts presented.

M/S (Hall/Lewis): To approve the hearing officer's recommendation to approve the petition to transfer property. Motion 5-0 (Terrell and Stone abstained).

At this time, there being no further business, a motion to adjourn was entertained.

M/S (Hall/Agidius): To adjourn at 7:15 p.m. Motion carried unanimously.



STATE BOARD OF EDUCATION

TRUSTEES OF BOISE STATE UNIVERSITY

TRUSTEES OF IDAHO STATE UNIVERSITY

TRUSTEES OF LEWIS-CLARK STATE COLLEGE

BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO

STATE BOARD FOR PROFESSIONAL-TECHNICAL EDUCATION

TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND

DRAFT MINUTES
STATE BOARD OF EDUCATION MEETING
December 22, 2004
Len B. Jordan Building
Boise, ID

A special meeting of the Idaho State Board of Education was held December 22, 2004. It originated from the Professional-Technical Education conference room of the Len B. Jordan Building (650 West State Street) in Boise, Idaho. Board President Rod Lewis called the meeting to order at 5:30 p.m. A roll call was taken; Dr. Howard was present in the Len B. Jordan Building and the other Board members attended by teleconference.

Members Present:

Rod Lewis, President
Milford Terrell, Secretary
Blake Hall
Sue Thilo

Laird Stone, Vice President
Paul Agidius
Karen McGee
Marilyn Howard, State Superintendent

1. University of Idaho – Building Purchase

Board Member Hall suggested that a motion to reconsider this item was necessary. President Lewis asked for clarification from legal counsel. Board members agreed a motion to reconsider needed to be made and seconded by Board members who previously voted in the majority regarding the University of Idaho building purchase proposal.

M/S (Terrell/Howard): A motion for reconsideration. *A roll call vote was taken; motion carried unanimously.*

Kent Nelson, legal counsel for the Board, introduced the revised proposal. He noted

that the changes made since the previous meeting regarded the distribution of the proceeds from the acquisition of the property. The original proposal was for a purchase price of \$400,102, with no stipulation for where funds were spent. The current proposal has the funds being appropriated first to retire the obligations against the property, with a cap of \$200,000. The balance will remain in escrow, available for reinstallation of a Tau Kappa Iota (TKE) Chapter on campus, upon agreement of certain stipulations, until the year 2015. If not used by that year, the funds will be rolled over and used for a scholarship endowment for the University of Idaho, for descendants or relatives of the Tau Kappa Iota fraternity alumni from the University of Idaho. If no qualifying applicants apply during a particular academic year, the funds would be used for general scholarship purposes.

Board member Hall asked for more details about who retains the \$200,000 in the interim until 2015, in the absence of setting up a new fraternity. Mr. Nelson said the funds would be placed in a third-party escrow and set up under the local chapter name so that the agreement of all three parties involved (the local TKE chapter, the national TKE chapter, and the University of Idaho) would be required for any disbursement to be made. While the escrow holder has not been identified, it will likely be a local bank or escrow company, located in Moscow. Specific individuals from each entity have not been identified as trustees of the account as yet. The most likely route would be to identify officers or offices within the institutions to act as trustees, rather than specific individuals.

Interest income from the fund would defray the cost of the escrow and then remain in the balance of the fund.

It will be required that the scholarship be given specifically to University of Idaho students who are heirs of TKE alumni.

President Lewis made a recommendation that the language be tightened to make sure the descendants receiving the scholarship do go to the University of Idaho.

M/S (Hall/Terrell): To approve the proposed settlement, with the final terms to be reviewed and approved by the Executive Director and the Board counsel, with the following conditions: 1) an Idaho Escrow Company being selected as the escrow holder, 2) scholarship fund solely for TKE heirs attending University of Idaho, and 3) the naming of appropriate trustees for and on behalf of the escrow. A roll call vote was taken; motion carried unanimously.

2. Status of ISIMS Project

Board Member Howard presented the Board with a progress report of the ISIMS Project. The project is still under the operations of the Albertson's Foundation and their management team, Capgemini. Currently, they are assessing the circumstances in the

districts affected. The project is interested in two products going forward – two products that have already been proven in some districts. It may possibly go beyond two, but not be too widespread.

The Department is receiving numerous calls from people who want to solve the problems. The review is competitive, but the qualities needed are also very demanding. The goal is to support the Albertson's Foundation as it moves forward in making decisions that help the districts be in good shape and to set up a system where all of the problems will be solved. The Foundation has found that there isn't time or money wasted with this project – all districts have moved ahead.

Dr. Howard said it is important to support the districts so they don't see new, strange and unworkable plans being promoted. She also clarified that this project is still residing with the Albertson's Foundation and Capgemini Group and the decisions for the next six months are related to them.

The Board members asked Dr. Howard how the budget looked compared to what was projected. Dr. Howard clarified that the project was still within the lines of what was allotted, with the exception of the professional development funding. It was made clear that no state dollars have been expended; to date, the project has been underwritten by the Albertson's Foundation.

(Note: At this time, Board member Terrell asked to be excused early and left the meeting early.)

The Board expressed the need to distinguish what the Albertson's Foundation is undertaking and what the state is doing to extend programs. It also expressed a need to learn more regarding the project as opposed to expressing opinions and promising to expend state dollars.

The Board asked the Office of the State Board of Education to work with the State Department of Education to provide them with an audit of the current status of ISIMS regarding resources, and to indicate what is being contemplated for additional expenditures, and what the potential path forward would be.

Board member Agidius asked when the Board could anticipate having a more thorough presentation. Dr. Howard responded that the January 24, 2005 Board meeting would come after the Albertson's Foundation has regional meeting, so a presentation should be ready by then.

M/S (Agidius/McGee): To adjourn. *A roll call vote was taken; motion carried 7-0 (Board member Terrell absent).*

The meeting adjourned at 6:33 p.m.